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General Accounting Office  
Washington, D.C. 20548

Resources, Community, and  
Economic Development Division

B-260031

February 3, 1995

The Honorable Pat Roberts  
Chairman  
The Honorable E (Kika) de la Garza  
Ranking Minority Member  
Committee on Agriculture  
House of Representatives

The Food Security Act of 1985 authorized a number of new programs designed, in part, to reduce wind and water erosion caused on crop-producing land. Under one of these programs--the Conservation Reserve Program (CRP)--farmers could sign 10- to 15-year contracts (beginning in 1986) with the U.S. Department of Agriculture (USDA) to remove certain erodible or environmentally sensitive cropland from production in return for annual federal payments.

In preparing for hearings on the 1995 farm bill, you asked if we could determine on a national basis the proportion of CRP payments made to tenants versus landlords. We could not make this determination because USDA does not categorize the approximately 375,000 CRP contracts in this manner in its data base. USDA categorizes CRP contract holders in its data base as owner, operator, owner/operator, or other producer. None of these categories are clearly tenant or landlord. Although USDA's classification is not exact, as explained further in this correspondence, and funding cannot be definitively broken out between tenants and landlords, some insights can be drawn from the available data. For fiscal years 1990 through 1994, USDA's data base shows that 46 percent of CRP contract holders are categorized as owner/operator. USDA officials believe that these individuals farm their own land and should be neither a tenant nor a landlord. These contract holders received 53 percent of all payments, or about \$4.2 billion, over the 5-year period.

To determine specifically which of the remaining individual CRP contracts were held by tenants or landlords would require extensive and timely reviewing or sampling of

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the individual CRP contract files in county offices. As agreed with your offices, we did not attempt to make such a determination because of the additional work required.

#### BACKGROUND

Under the CRP, farmers who took land meeting certain criteria out of production for 10 to 15 years received annual federal rental payments on that land. Beginning in 1986, USDA offered CRP contracts during 12 signup periods to farmers who agreed to plant cover crops such as grass or trees on the cropland. As of 1994, 36.4 million acres of cropland were enrolled in the program. USDA's Consolidated Farm Service Agency (formerly the Agricultural Stabilization and Conservation Service) administers the CRP, with assistance from the Department's Natural Resources Conservation Service (formerly the Soil Conservation Service).

#### CATEGORIES OF CRP CONTRACT HOLDERS

USDA distinguishes between four categories of CRP contract holders: owner, operator, owner/operator, and other producer. Table 1 shows USDA's definitions for the four categories and their possible relationship to tenants and landlords.

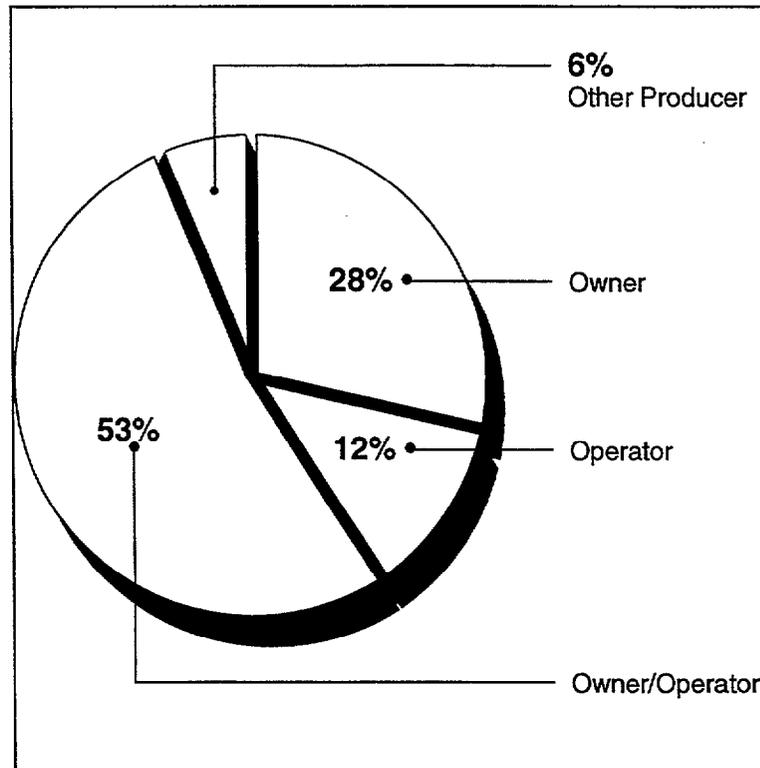
Table 1: Categories of Contract Holders and the Categories' Possible Relationship to Tenants and Landlords

Category (percent of contract holders)	Definition	Category's relationship to tenant and landlord
Owner (35)	Individual or entity who legally owns or has contract to buy farmland	May or may not include landlords
Operator (11)	Individual or entity who has general control of the farming operation for program year	May include tenants
Owner/Operator (46)	Individual or entity who meets both the owner and operator definitions	Should not include either tenants or landlords
Other Producer (8)	Individual or entity who uses the farmland or shares in the payments and crops (may be an operator)	May include tenants, but may also include landlords

BREAKDOWN OF CRP PAYMENTS

According to USDA's data base, CRP contract holders classified as owner/operator receive most CRP payments. Figure 1 shows the average percentage of payments going to each category of CRP contract holder for fiscal years 1990 through 1994. Over this 5-year period, CRP payments totaled about \$8 billion. USDA makes CRP payments to contract holders at the beginning of each fiscal year.

Figure 1: Average Percentage of CRP Payments by Category of Recipient, Fiscal Years 1990 Through 1994



Source: USDA CRP payment and contract files.

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To obtain information for our work, we analyzed CRP contract and payment data for fiscal years 1990 through 1994 provided by USDA's Consolidated Farm Service Agency in Kansas City, Missouri. To verify the proportions of the categories of contract holders and the payments made, we contacted the agency's county officials in Iowa, Kansas, Montana, North Dakota, and Texas, where CRP enrollments are relatively large.

Because our analysis of computerized CRP files was for purposes other than those originally designed, we were able to capture only 95 percent of the payments made to contract holders. However, because our results were based on 95 percent of total CRP payments, the results should be meaningful for all payments made during the 5-year period.

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In addition, we confirmed our methodology for obtaining the CRP payment information with USDA officials.

USDA's classification of CRP contract holders as owner, operator, owner/operator, and other producer is not precise and may not be current. Agency officials told us that farm program files supporting the CRP data base allow input of multiple owners for a farm but only one operator. Additional operators are categorized as other producers. Any additional owners/operators on that farm are categorized only as owners; therefore, the results in the owner/operator category may be understated. Furthermore, a USDA official said that the CRP categories of contract holders were accurate when the contracts were signed, but the CRP data base may not be updated if these relationships change later.

We conducted our work between December 1994 and January 1995 in accordance with generally accepted government auditing standards.

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Please contact me at (202) 512-5138, or Edward Zadjura, Assistant Director, at (202) 512-9914 if you or your staff have any questions.



John W. Harman  
Director, Food and  
Agriculture Issues

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